



The Real Estate ANALYST

JULY 25
1950

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Survey....Forecast

Volume XIX

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

Number 32

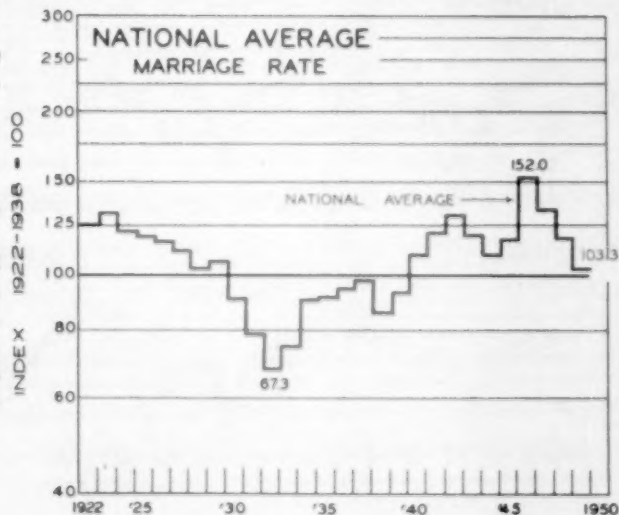
MARRIAGE RATE STILL FALLING

DURING 1949 the national average marriage rate fell to 103.3, its lowest point since 1939. The rate for last year was 32% below the peak year of 1946 and it is still falling, the first four-month rate of 1950 being about 5% below the rate for the first four months of 1949. Although the continuation of the war in Korea may bring about a slight halt in the dropping marriage rate, we anticipate no worth while rise in this index unless draft requirements become much more stringent. However, if all-out war develops the real estate business will probably be put under such stringent Government controls that the marriage rate will affect it little one way or the other.

We believe that the situation as it now exists will not provoke all-out war between this country and Russia and that the falling marriage rate will continue in its downward trend. This falling rate of new family formation joined with the record-breaking production of housing and other consumer durables will eventually lead to a sharp reduction in demand. Our feeling is that the present strong surge is being powered chiefly by unusually loose credit and can be greatly weakened by higher terms and larger down payments.

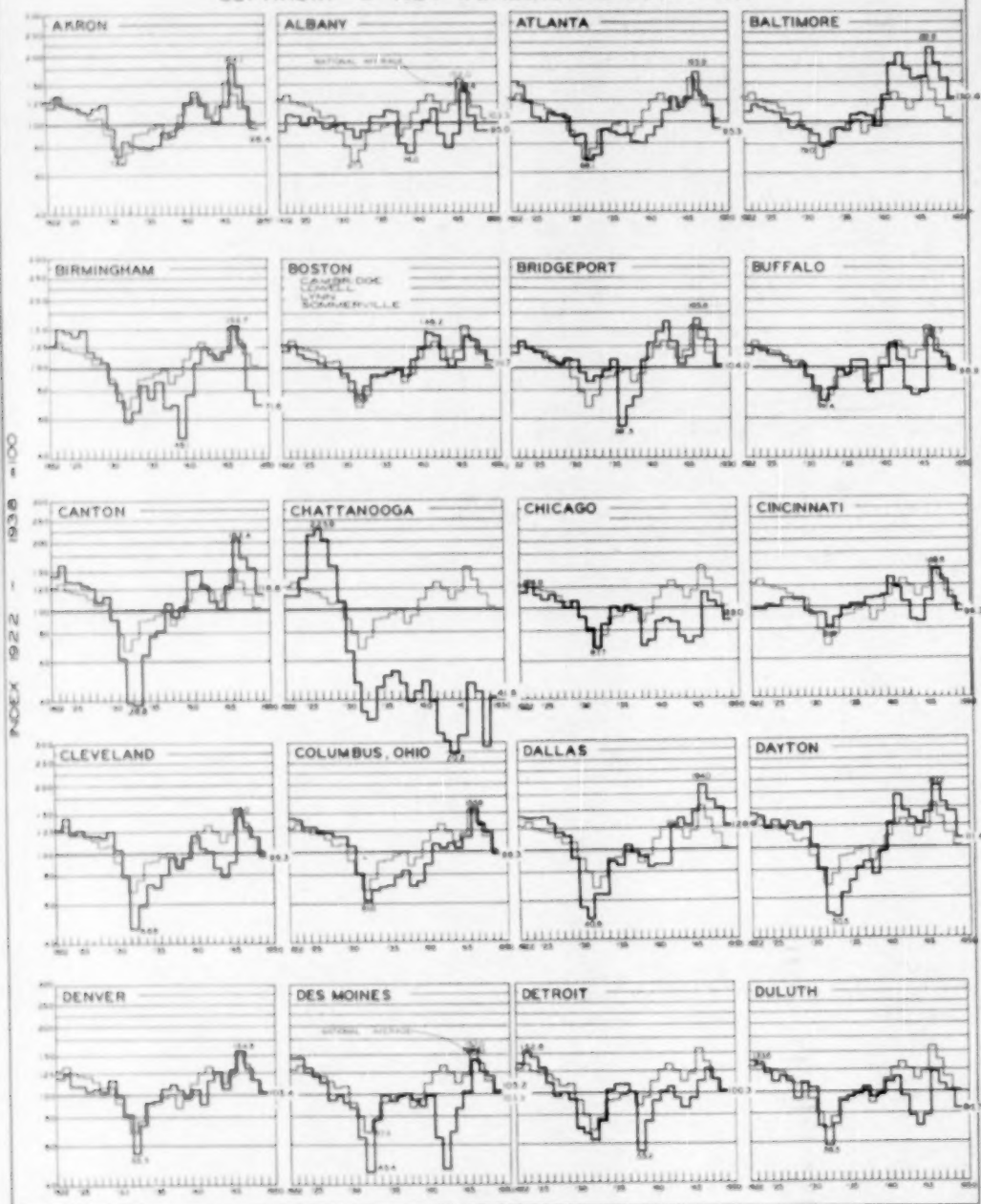
On the following pages we show the changes in the marriage rate in 80 cities. Seventy-six cities showed declining rates in 1949. Jacksonville, Chattanooga, Knoxville and Memphis were the four cities that had a slightly higher rate in 1949 than in 1948. Syracuse after rising in 1948 dropped 20% in 1949.

The five cities that have experienced the biggest drop since reaching their peak are Jacksonville with a drop of 78% (reached peak in 1943); Wilmington, down 71% (peak in 1941); San Diego, down 57% (peak in 1945); Tampa, down 56% (peak in 1943); and Birmingham, down 53% (peak in 1946).



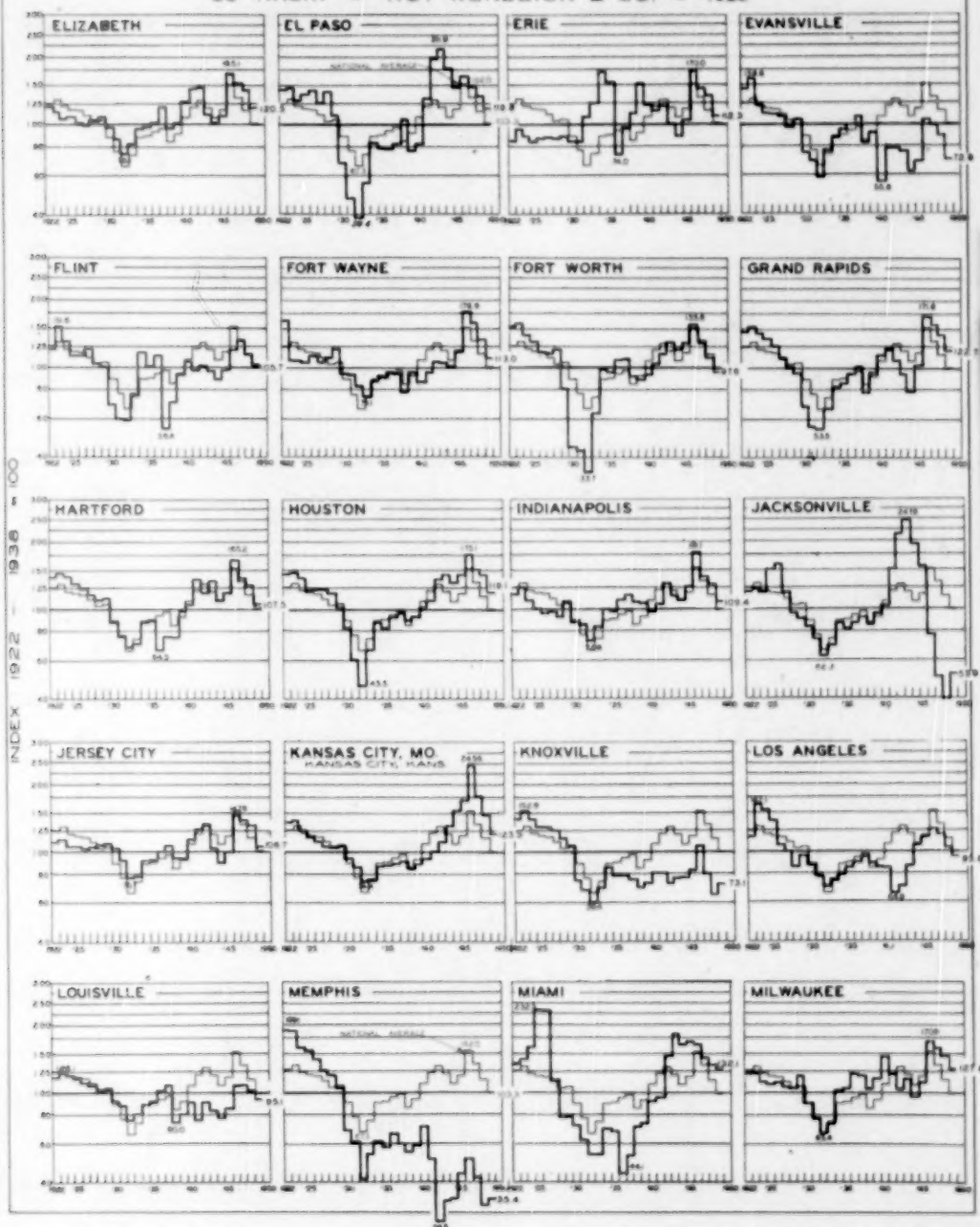
FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES

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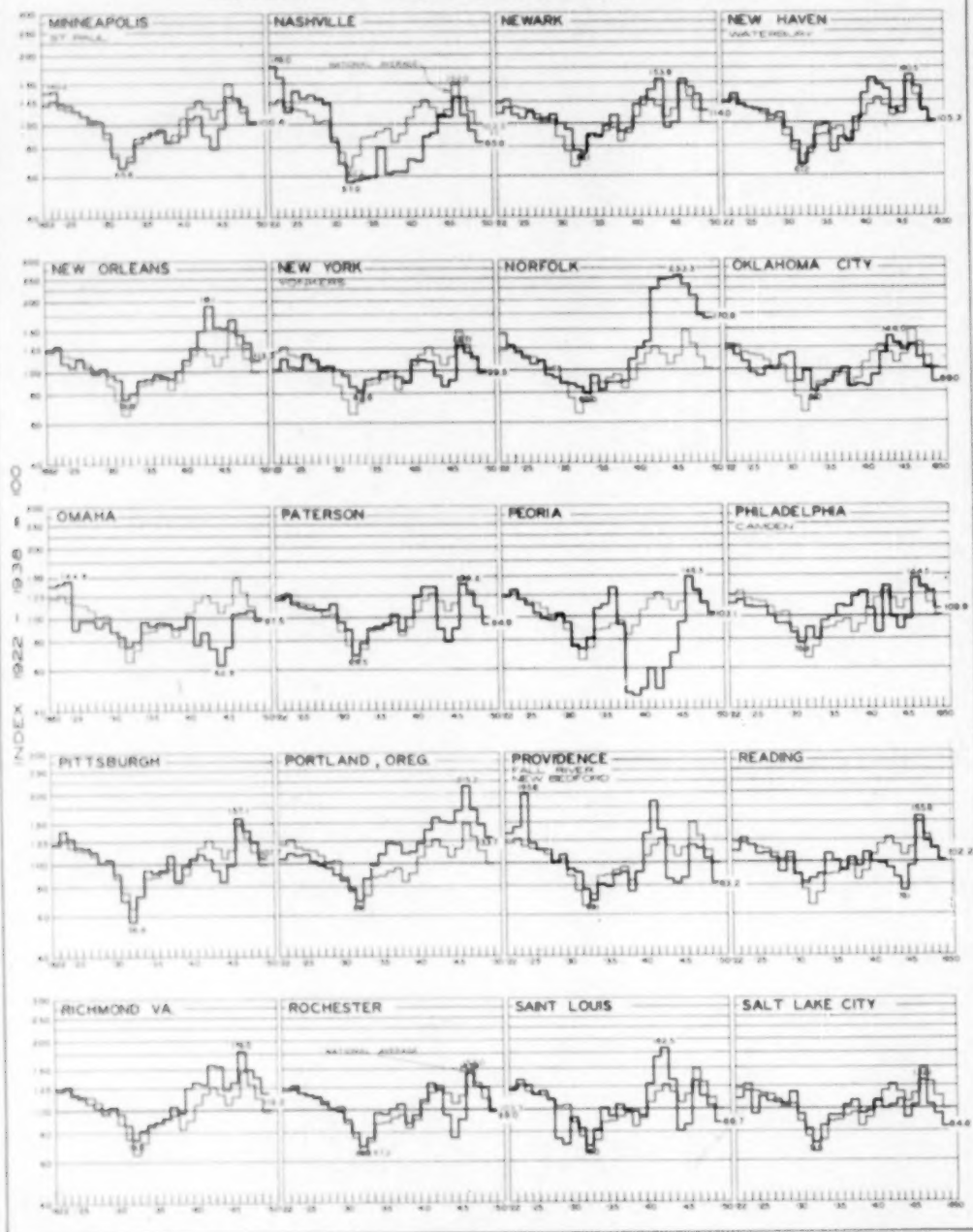
FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES

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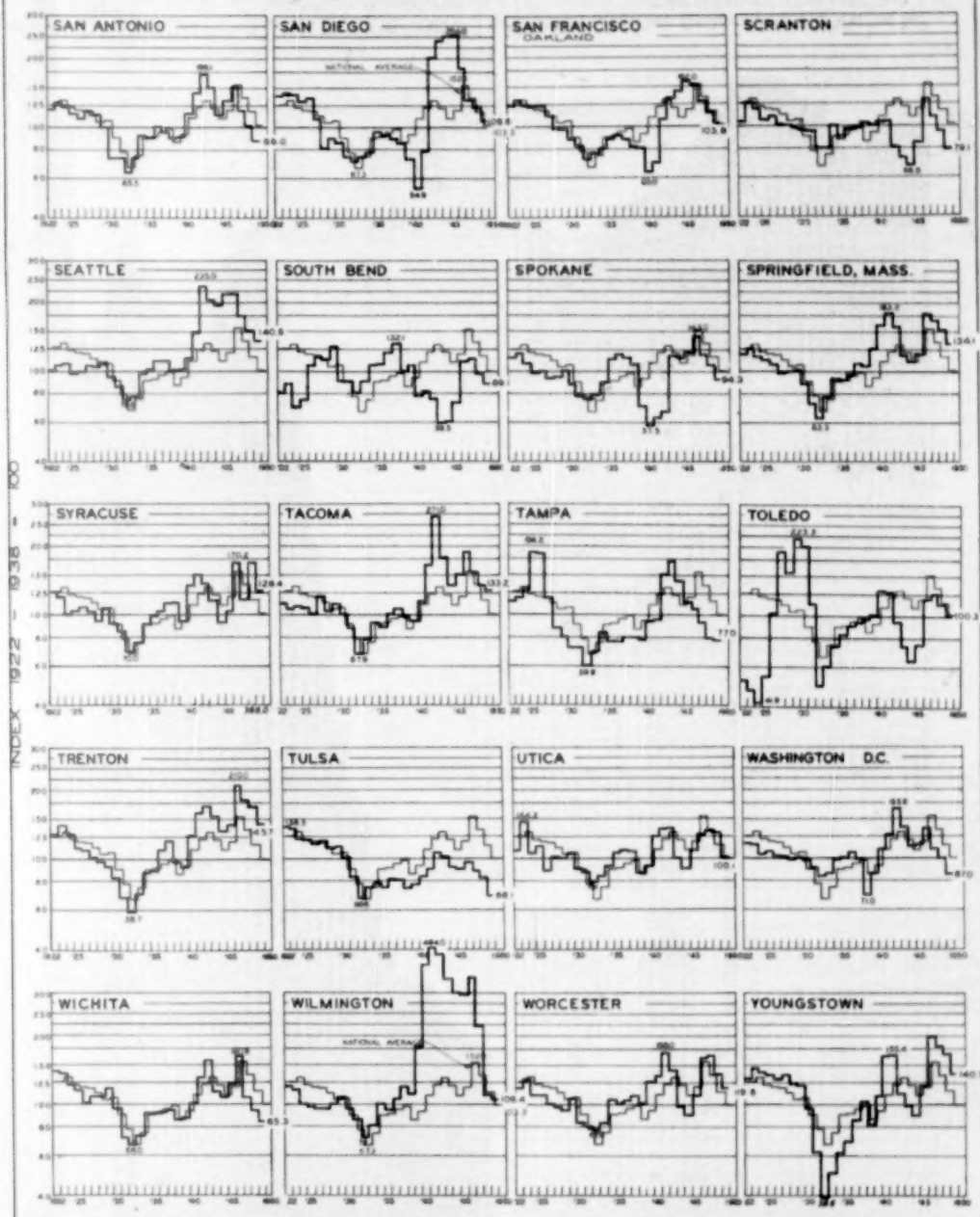
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FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES

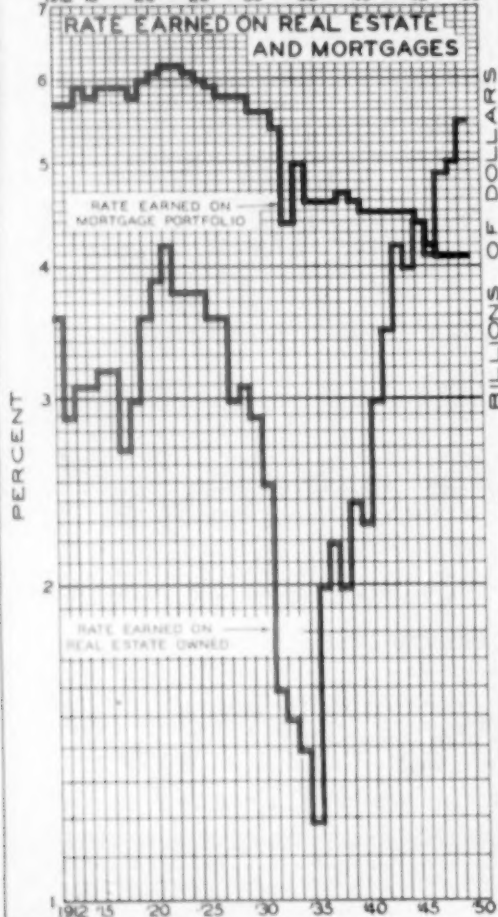
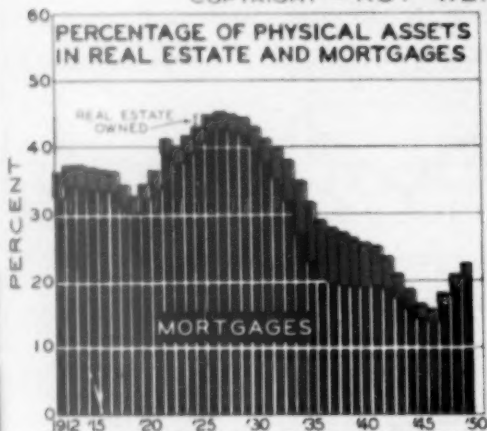
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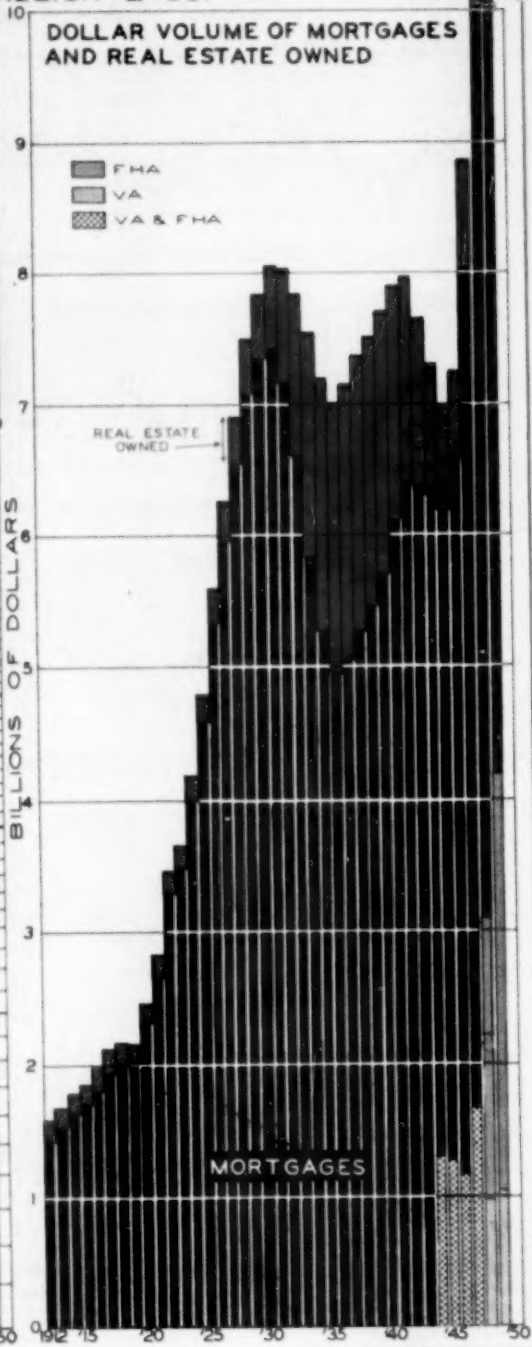
LIFE INSURANCE COMPANIES AS MORTGAGEES

BASED ON RECORDS OF THE 102 LARGEST COMPANIES IN THE UNITED STATES

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DOLLAR VOLUME OF MORTGAGES AND REAL ESTATE OWNED



EARNINGS OF "LIFE INSURANCE MORTGAGES" STILL LOW

THE table below and chart on the opposite page show that the 102 largest life insurance companies in the United States have never earned a lower return on their real estate mortgages than at present. The rate in 1949 was 4.1%, which tied for low with the 1947 and the 1948 rate.

REAL ESTATE OWNED*				REAL ESTATE MORTGAGES			GROSS ASSETS
Year	Amount	% of Assets	Rate Earned	Amount	% of Assets	Rate Earned	Amount
1912	\$ 160,569,000	3.7	3.6	\$ 1,428,408,000	32.6	5.7	\$ 4,380,287,000
1913	136,780,000	3.0	2.9	1,554,163,000	34.3	5.7	4,532,916,000
1914	153,536,000	3.2	3.1	1,645,193,000	34.2	5.9	4,810,503,000
1915	154,297,000	3.1	3.1	1,716,341,000	33.9	5.8	5,056,764,000
1916	154,762,000	2.9	3.2	1,823,639,000	33.8	5.9	5,393,288,000
1917	168,191,000	2.9	3.2	1,951,504,000	33.6	5.9	5,812,235,000
1918	167,979,000	2.7	2.7	1,997,864,000	31.7	5.9	6,298,610,000
1919	153,649,000	2.3	3.0	2,009,362,000	30.4	5.7	6,608,314,000
1920	153,255,000	2.1	3.6	2,322,840,000	32.4	6.0	7,157,228,000
1921	162,582,000	2.1	3.9	2,674,155,000	34.5	6.1	7,741,277,000
1922	167,996,000	2.0	4.2	3,297,285,000	39.2	6.2	8,421,028,000
1923	182,670,000	2.0	3.8	3,482,535,000	38.0	6.2	9,164,863,000
1924	204,450,000	2.0	3.8	3,993,030,000	39.4	6.1	10,121,992,000
1925	223,452,000	2.0	3.8	4,581,291,000	40.8	6.0	11,226,914,000
1926	253,933,000	2.0	3.6	5,328,266,000	42.7	5.9	12,464,137,000
1927	298,606,000	2.1	3.6	5,964,158,000	42.9	5.8	13,890,228,000
1928	351,878,000	2.3	3.0	6,555,276,000	42.4	5.8	15,471,387,000
1929	400,914,000	2.4	3.1	7,082,123,000	41.8	5.8	16,954,901,000
1930	461,949,000	2.5	2.9	7,363,990,000	40.2	5.6	18,303,897,000
1931	598,379,000	3.1	2.5	7,441,593,000	38.0	5.6	19,567,047,000
1932	846,179,000	4.2	1.6	7,171,656,000	35.5	5.4	20,219,239,000
1933	1,224,064,000	5.9	1.5	6,610,718,000	32.1	4.4	20,580,888,000
1934	1,704,119,000	7.9	1.4	5,827,270,000	27.1	5.0	21,482,878,000
1935	1,911,016,000	8.4	1.2	5,272,707,000	23.1	4.6	22,846,546,000
1936	2,056,667,000	8.5	2.0	4,960,385,000	20.4	4.6	24,288,552,000
1937	2,096,042,000	8.2	2.2	5,055,338,000	19.7	4.6	25,708,928,000
1938	2,092,890,000	7.7	2.0	5,265,537,000	19.4	4.7	27,140,640,000
1939	2,038,880,000	7.2	2.4	5,463,527,000	19.2	4.6	28,427,877,000
1940	1,958,289,000	6.5	2.3	5,723,867,000	19.1	4.5	29,931,809,000
1941	1,763,261,000	5.6	3.0	6,128,203,000	19.5	4.5	31,385,120,000
1942	1,554,732,000	4.6	3.5	6,399,808,000	18.9	4.5	33,823,517,000
1943	1,256,957,000	3.4	4.2	6,371,705,000	17.5	4.5	36,507,697,000
1944	984,205,000	2.5	4.0	6,316,596,000†	16.0	4.5	39,452,518,000
1945	781,148,000	1.8	4.4	6,198,050,000†	14.5	4.4	42,844,706,000
1946	664,321,000	1.4	4.1	6,579,888,000†	14.2	4.2	46,251,774,000
1947	789,371,000	1.6	4.9	8,048,441,000†	16.3	4.1	49,404,609,000
1948	974,044,000	1.8	5.0	10,034,095,000†	18.9	4.1	53,157,970,000
1949	1,148,609,000	2.0	5.5	11,637,966,000†	20.5	4.1	56,819,530,000

*Includes home office buildings.

†FHA & Veterans Administration loans included: 1944 - \$1,301,019,000

1945 - \$1,274,026,000 1946 - \$1,156,697,000 1947 - \$1,652,262,000

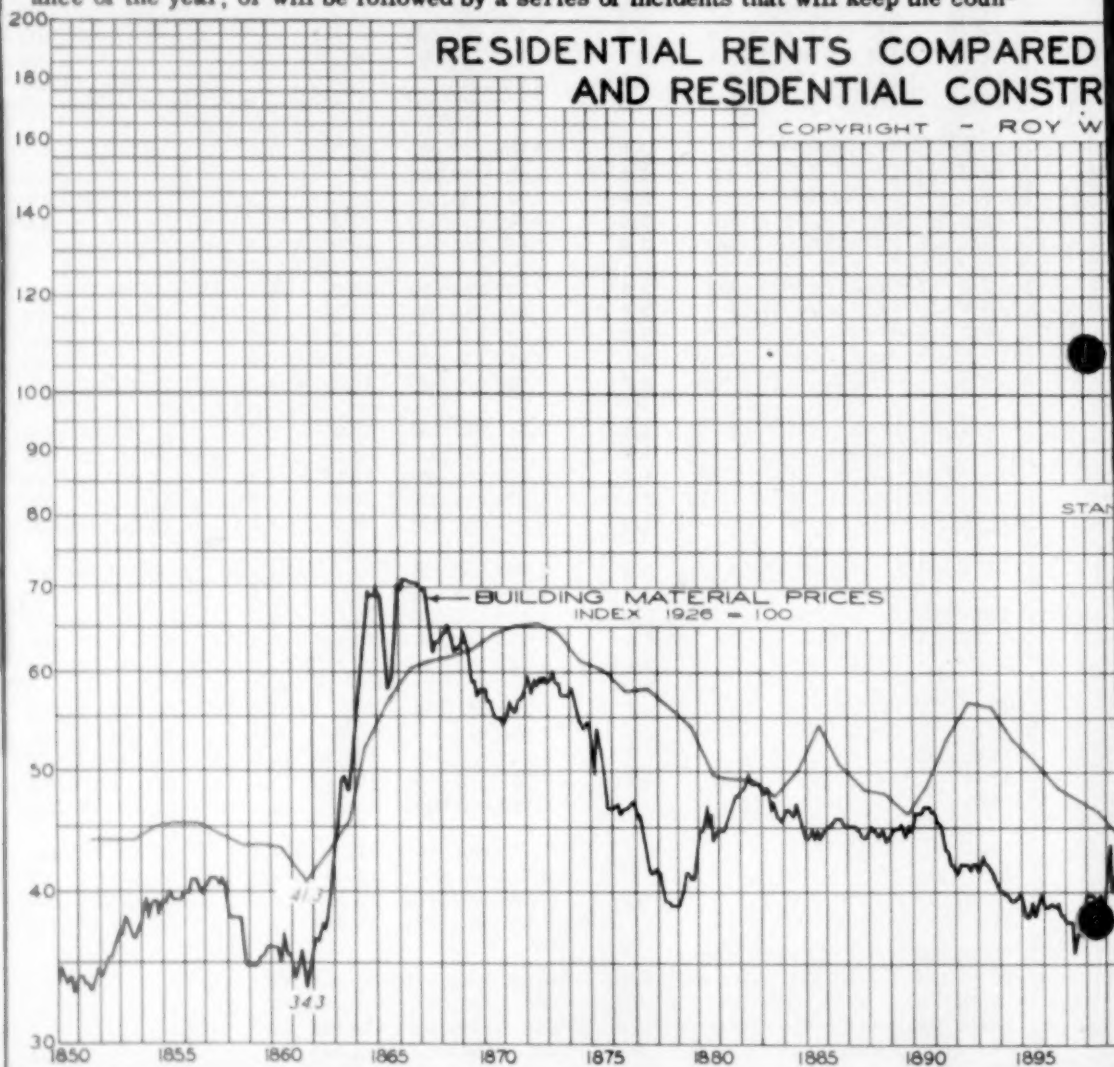
†FHA loans included: 1948 - \$2,164,014,000 1949 - \$3,158,965,000

VA loans included: 1948 - \$ 981,184,000 1949 - \$1,044,880,000

DECONTROL TO BE MORE DIFFICULT

OUT of the welter of confusion and apprehension arising with the smoke of Korea there are few things that are certain. There is probably no one in any country that knows what course the large events of the world will take. It is therefore nearly impossible to guess what will happen to factors of a more minor nature because their course will be charted by the big decisions that will come later in the year.

Although rent controls have been one of the important issues of the country for the past five years, they have temporarily been shunted far to the rear by our entry into open warfare. Our belief is that the Korean incident will last through the balance of the year, or will be followed by a series of incidents that will keep the coun-



try on a semi-wartime basis for some time to come. It therefore appears likely that extension of Federal rent controls will be requested by virtually all major communities before the end of the year. In the unlikely event that full scale warfare develops between our country and Russia it is certain that rent controls and other economic controls will be imposed on virtually a national basis.

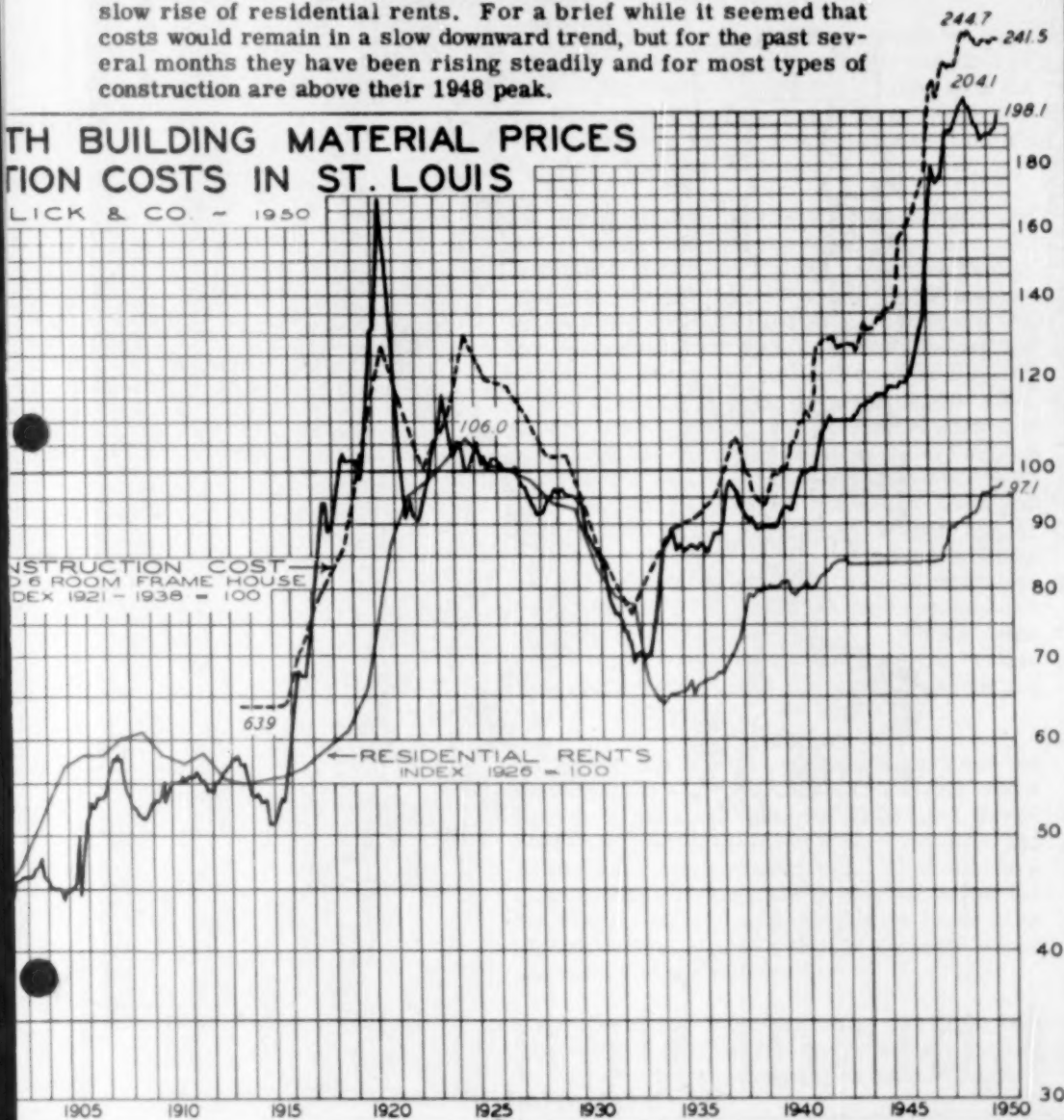
It is certainly regrettable that residential rents have been forced to lag so far behind the other economic factors. The chart below shows how far construction costs and material prices have advanced in comparison with the slow rise of residential rents. For a brief while it seemed that costs would remain in a slow downward trend, but for the past several months they have been rising steadily and for most types of construction are above their 1948 peak.

TH BUILDING MATERIAL PRICES TION COSTS IN ST. LOUIS

LICK & CO. - 1950

CONSTRUCTION COST -
6 ROOM FRAME HOUSE
INDEX 1921 - 1938 = 100

RESIDENTIAL RENTS
INDEX 1926 = 100

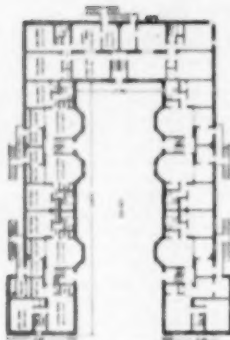
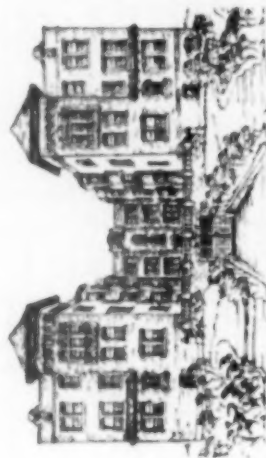


CONSTRUCTION COSTS OF A 30 UNIT REINFORCED CONCRETE APARTMENT

IN SAINT LOUIS

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COST OF LAND IS NOT INCLUDED



BUILDING COSTS IN DOLLARS

\$ 10,000

300,000

280,000

260,000

240,000

220,000

200,000

180,000

160,000

140,000

120,000

100,000

80,000

60,000

40,000

20,000

10,000

TOTAL CONSTRUCTION COSTS

OVERHEAD

LABOR

MATERIALS

Painting, Heating, Electrical
Materials, Steel Reinforcement,
Hardware, & Miscellaneous

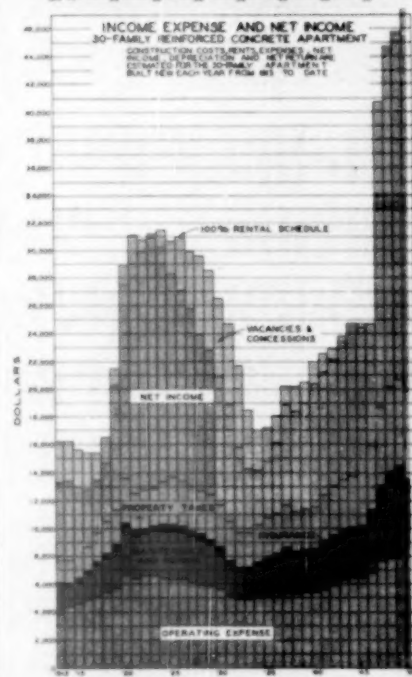
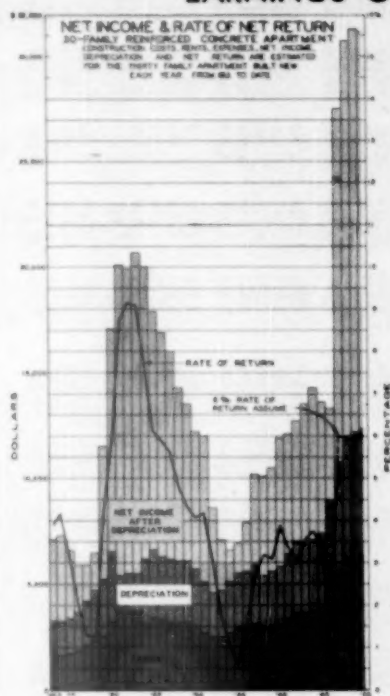
Lumber, Masonry, Roofing,
Flooring, Paint, etc.

General Supplies for the Building

Excavation, Grading, & Foundation

1913 1915 1920 1925 1930 1935 1940 1945 1950

EARNINGS ON 30 FAMILY APARTMENT



CONSTRUCTION costs of our 30-family fireproof apartment have reached an all-time high. The detail cost breakdown shown on pages 302 and 303 totalled \$303,804 during June 1950. This is \$1400 above the previous peak reached in October 1948.

For the past two or three years we have shown estimated income and expense figures on this hypothetical building in order to point out what rent schedule would be necessary to earn a 6% return after depreciation on a building of similar cost and size.

If this building costs \$303,804 to build and the lot costs \$20,000, the total investment will be right at \$324,000. A 6% return on this amount is \$19,400, which is therefore the amount the building must earn after deducting \$6,060 for depreciation. In other words, the net operating income of this building must be \$25,460 if it is to earn 6% on the invested capital after depreciation allowances. Since annual expenses are estimated at \$19,940 and the annual vacancy allowance is \$2,100, the rent schedule would have to be \$47,500 per year or \$38.80 per room per month. This means that the three-room apartments in this building would have a monthly rental of \$116.50; the four-room apartments would rent for \$155.50 and the five-room apartments would rent for \$194.00. These rents would include one garage space, heat, water, gas, electricity, janitor service, gas stove and electric refrigerator.

Even with no vacancy allowance and no maintenance expense the rent schedule would have to be set up to charge \$102.00 for a three-room unit, \$135.00 for a four-room unit and \$169.00 for a five-room unit. Even this is a high schedule to maintain during the life of the building, and it would obviously have to be higher to take care of eventual vacancy losses and maintenance expense.

This same rent schedule (\$102.00 for three-room, \$135.00 for four-room etc.) would be required for the property to earn 6% before depreciation.

VARIATION IN COST OF A THIRTY-FAMILY REINFORCED CONCRETE APARTMENT IN SAINT LOUIS

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MATERIAL

LABOR

OVERHEAD

YEAR	MATERIAL	LABOR	OVERHEAD
1913	\$10,584	\$ 9,977	\$ 3,642
1914	10,654	5,427	3,642
1915	10,994	5,427	3,642
1916	12,104	7,389	3,587
1917	13,534	10,693	4,025
1918	15,724	10,157	5,394
1919	19,574	11,385	6,014
1920	24,210	15,110	7,938
1921	20,193	11,220	6,990
1922	20,281	10,010	6,559
1923	22,250	11,005	6,385
1924	23,150	10,955	6,730
1925	22,210	10,785	6,678
1926	21,046	10,240	6,029
1927	20,421	10,020	6,078
1928	19,754	10,020	5,893
1929	19,120	10,160	5,631
1930	18,630	8,973	5,952
1931	16,426	7,829	5,719
1932	14,416	8,015	5,796
1933	18,150	8,650	5,570
1934	19,950	8,950	6,000
1935	19,950	8,950	6,486
1936	19,480	9,180	5,700
1937	20,400	9,500	5,845
1938	18,620	9,300	5,670
1939	18,600	9,190	5,760
1940	18,600	9,190	5,760
1941	18,600	9,190	5,760
1942	18,600	9,190	5,760
1943	18,600	9,190	5,760
1944	18,600	9,190	5,760
1945	18,600	9,190	5,760
1946	18,600	9,190	5,760
1947	18,600	9,190	5,760
1948	18,600	9,190	5,760
1949	18,600	9,190	5,760
1950	18,600	9,190	5,760

1. Cost of face brick, dobles, flue lining, terra cotta, cut stone, marble and tile.	7. Cost of setting all above, tile and marble and laying all brick.	13. Cost of all city permits, utility connection costs, plans and engineering fees.
2. Cost of concrete, claytile and reinforcing.	8. Cost of carpentry, roofing, flooring, painting, decorating, and builder's general supervision.	14. Cost of interest during construction and taxes and insurance.
3. Cost of all plastering materials.	9. Cost of labor on plastering.	15. Estimated profit made by the builder - 7%.
4. Cost of all lumber, flooring, millwork, roofing, paint, etc.	10. Cost of installing plumbing material and fixtures, wiring, heating plant and sheet metal work.	16. TOTAL OVERHEAD COST.
5. Cost of all materials for plumbing, heating, electrical work, sheet metal work, iron work, hardware and special equipment.	11. Cost of excavation and miscellaneous.	17. TOTAL COST OF CONSTRUCTION.
6. TOTAL MATERIAL COST.	12. TOTAL LABOR COST.	

YEAR

LABOR

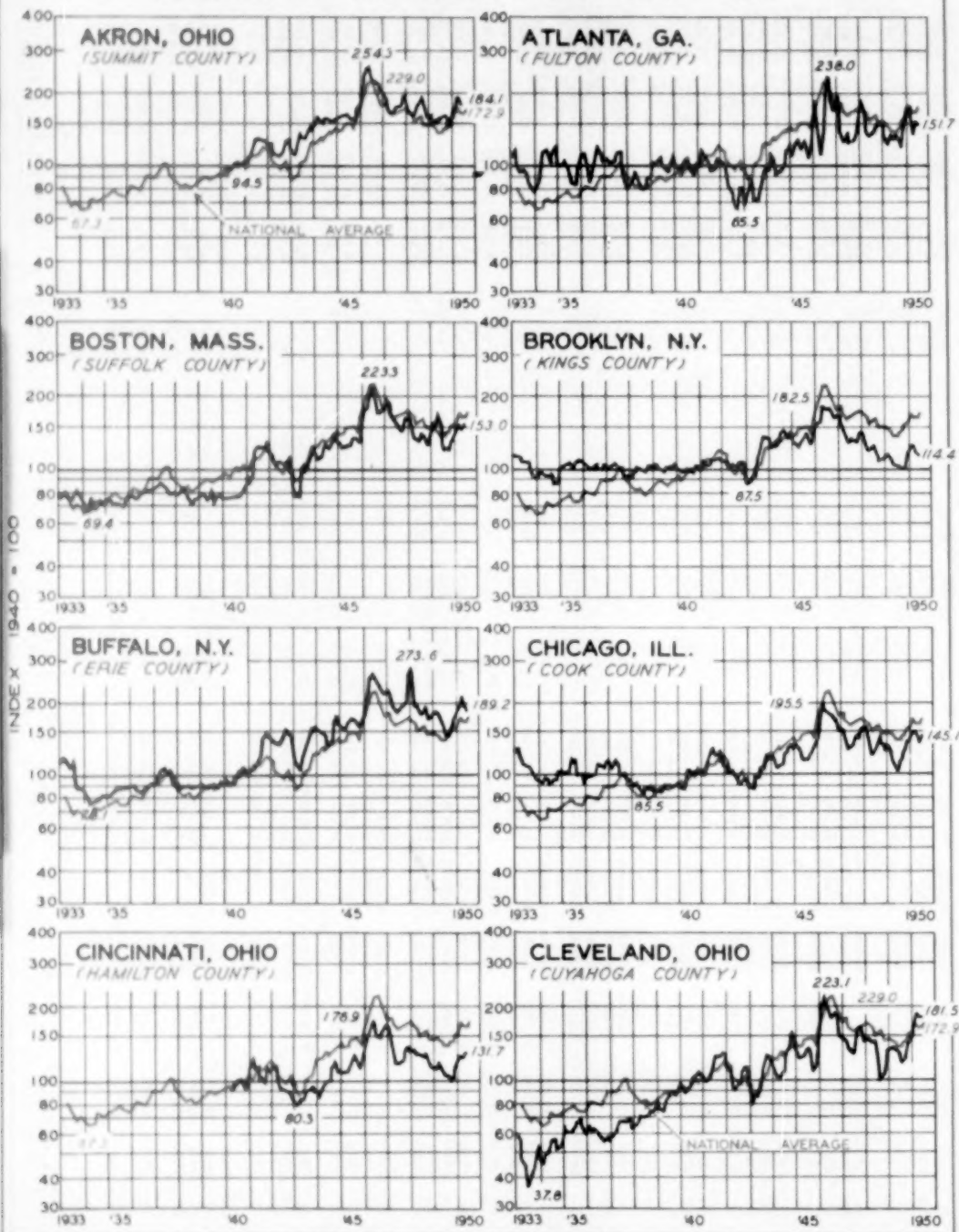
OVERHEAD

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1929	19,120	10,160	5,631
1930	18,630	8,973	5,952
1931	16,426	7,829	5,719
1932	14,416	8,015	5,796
1933	18,150	8,650	5,570
1934	19,950	8,950	6,000
1935	19,950	8,950	6,486
1936	19,480	9,180	5,700
1937	20,400	9,500	5,845
1938	18,620	9,300	5,670
1939	18,600	9,190	5,760
1940	18,600	9,190	5,760
1941	18,600	9,190	5,760
1942	18,600	9,190	5,760
1943	18,600	9,190	5,760
1944	18,600	9,190	5,760
1945	18,600	9,190	5,760
1946	18,600	9,190	5,760
1947	18,600	9,190	5,760
1948	18,600	9,190	5,760
1949	18,600	9,190	5,760
1950	18,600	9,190	5,760

Ja	1940	18,570	9,220	5,810	18,850	21,750	74,200	13,540	11,200	5,340	6,100	2,815	38,995	2,255	9,806	8,768	20,829	134,034
Ap	1940	18,110	9,220	5,810	18,830	21,980	73,750	13,540	11,200	5,340	6,100	2,815	38,995	2,255	9,778	8,734	20,787	133,512
Jl	1940	18,110	9,160	5,810	18,860	21,980	73,820	13,500	11,200	5,650	6,000	2,815	40,595	2,255	10,053	8,913	21,221	136,236
O	1940	18,110	9,150	6,030	22,410	21,980	77,680	13,700	11,530	5,550	6,910	2,815	40,595	2,255	10,233	9,153	21,641	139,918
Ja	1941	19,050	9,270	6,030	22,800	22,500	79,650	14,860	12,120	6,120	6,910	2,860	44,700	2,255	10,888	9,823	22,744	147,094
Ap	1941	18,950	9,300	5,940	22,500	22,450	78,440	13,320	12,410	5,970	6,910	2,800	43,410	2,255	10,890	9,592	22,737	146,587
Jl	1941	19,400	9,320	6,530	24,250	24,450	81,950	15,950	16,200	6,080	6,910	3,800	47,670	2,255	11,384	10,028	23,687	153,287
O	1941	19,400	9,330	6,650	24,100	24,000	83,570	17,890	16,200	6,180	6,900	3,800	52,070	2,255	12,036	10,495	24,708	160,426
Ja	1942	19,480	9,330	6,704	24,850	25,800	86,174	16,110	16,500	6,310	8,000	3,940	52,860	2,255	12,305	10,752	25,312	164,346
Ap	1942	19,480	9,330	6,704	24,850	25,800	86,174	16,110	16,500	6,310	8,000	3,940	52,860	2,255	12,305	10,752	25,312	164,346
Jl	1942	21,046	9,580	6,704	25,200	28,500	91,010	18,190	16,680	6,210	8,640	3,940	53,660	2,255	12,815	11,174	26,003	170,172
O	1942	21,046	9,560	6,704	25,510	28,500	91,520	18,320	14,900	6,210	8,910	3,800	48,140	2,255	12,029	10,782	25,066	164,826
Ja	1943	21,046	9,560	6,540	25,900	28,500	91,546	16,320	14,900	6,210	8,910	3,800	48,140	2,255	12,021	10,777	25,053	164,739
Ap	1943	21,046	9,560	6,340	25,900	28,500	91,546	15,500	13,900	6,000	8,910	3,800	48,110	2,255	12,021	10,777	25,053	164,739
Jl	1943	21,046	9,560	6,340	25,900	28,500	91,546	15,500	13,900	6,000	8,910	3,800	48,110	2,255	11,773	10,617	24,643	162,301
O	1943	21,046	9,560	6,910	29,000	28,500	95,016	15,500	13,900	6,000	8,910	3,800	46,110	2,255	11,864	10,675	25,114	166,340
Ja	1944	21,046	9,560	6,910	31,250	28,500	97,264	15,500	13,900	6,000	8,910	3,800	46,110	2,255	12,121	11,043	25,419	168,795
Ap	1944	21,046	9,560	6,910	32,450	28,500	98,466	15,500	13,900	6,000	8,910	3,800	46,100	2,255	12,193	11,132	25,580	170,156
Jl	1944	21,046	9,560	7,000	32,450	28,500	98,556	16,850	13,900	6,000	8,910	3,240	49,000	2,255	12,200	11,138	25,593	170,259
O	1944	22,000	9,920	7,000	32,450	28,500	99,870	16,850	13,900	6,000	8,910	3,240	49,000	2,255	12,648	11,464	26,367	175,237
Ja	1945	22,400	9,920	7,000	33,100	28,500	100,920	17,220	15,200	6,000	8,910	3,340	50,670	2,255	12,921	11,674	26,850	178,440
Ap	1945	22,400	10,150	7,000	33,100	28,500	101,150	17,220	15,200	6,000	8,910	3,340	50,670	2,255	12,921	11,680	26,881	178,701
Jl	1945	21,425	9,374	6,825	33,619	28,403	99,446	17,315	16,837	7,308	8,064	3,347	54,861	2,255	13,550	11,950	27,855	182,362
O	1945	23,466	10,373	6,994	33,437	28,403	102,873	22,243	22,292	8,632	10,936	6,196	71,299	2,255	15,940	13,420	31,615	205,887
Ja	1946	23,487	10,465	7,047	33,437	29,073	103,509	23,243	22,292	8,998	10,936	6,196	71,665	2,255	16,038	13,540	31,833	207,007
Ap	1946	24,982	10,639	7,047	33,837	30,475	106,980	25,321	22,292	9,199	10,936	6,196	73,944	2,255	16,530	14,000	32,785	213,709
Jl	1946	26,623	11,039	7,054	34,220	32,303	111,239	25,427	23,729	9,199	10,936	6,196	75,487	2,255	16,995	14,400	33,650	220,376
O	1946	26,623	11,346	7,768	35,984	34,650	116,392	25,427	23,729	9,479	11,506	6,196	76,337	2,255	17,417	14,820	34,452	227,221
Ja	1947	24,013	12,278	9,399	51,130	36,814	133,624	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,649	16,800	38,704	257,954
Ap	1947	25,400	12,278	9,399	52,300	36,400	135,777	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,777	17,040	39,072	260,475
Jl	1947	25,310	12,700	9,408	46,100	36,200	129,915	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,422	16,608	38,262	263,823
O	1947	27,250	13,025	8,420	48,500	38,000	136,195	28,505	25,482	11,084	13,964	6,591	85,626	2,255	18,803	17,020	39,078	260,869
Ja	1948	27,450	13,400	10,400	50,450	39,600	141,300	31,800	26,600	11,470	14,190	8,180	92,240	2,255	20,958	17,973	41,166	274,736
Ap	1948	28,950	14,040	10,900	50,500	47,510	151,900	31,800	26,600	11,470	14,190	8,180	92,240	2,255	21,597	18,750	42,602	286,742
Jl	1948	29,400	13,950	10,900	51,500	49,600	155,350	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,479	19,420	44,154	297,274
O	1948	30,500	14,400	11,250	51,000	52,700	158,850	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,870	19,750	44,875	302,485
Ja	1949	31,300	14,700	11,250	50,100	51,600	158,850	33,400	28,350	12,200	15,500	8,320	97,770	2,255	23,708	19,711	44,874	301,294
Ap	1949	31,300	14,700	11,250	49,600	51,300	158,050	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,654	19,655	44,564	300,364
Jl	1949	31,200	14,700	11,250	46,900	50,800	154,850	34,200	28,700	12,150	15,850	8,320	99,220	2,255	23,485	19,517	44,257	298,327
O	1949	31,200	14,700	11,250	47,510	50,800	155,480	34,200	28,700	12,150	15,850	8,320	99,220	2,255	23,605	19,568	44,428	299,168
Ja	1950	31,300	14,700	11,250	47,510	48,000	152,680	34,200	28,700	12,150	15,850	8,320	99,220	2,255	23,230	19,346	43,931	295,711
Ap	1950	31,200	14,700	11,250	47,510	48,000	152,710	34,200	28,700	12,150	15,850	8,320	99,220	2,255	22,941	19,350	44,146	296,076
Jl	1950	33,116	15,303	11,250	50,484	48,994	156,997	34,261	29,111	12,150	15,850	8,320	99,692	2,255	23,985	19,875	45,115	303,804

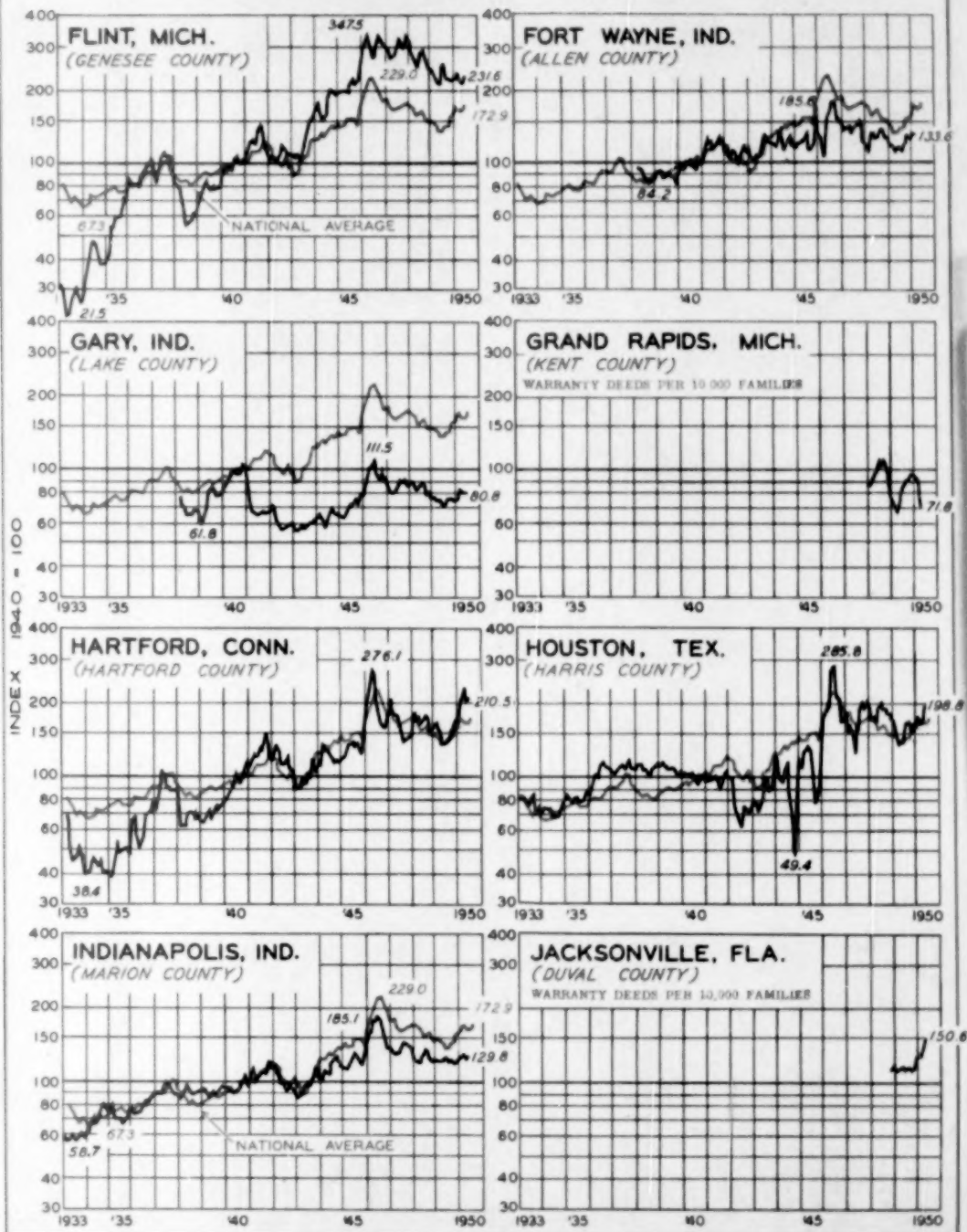
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